

# **Vertiqal Studios Corp. (formerly, Gamelancer Media Corp.)**

Management Discussion and Analysis

For the three and nine months ended September 30, 2025 and 2024

Financial information expressed in Canadian dollars unless otherwise noted.

The following Management's Discussion & Analysis ("**MD&A**") provides a review of activities, results of operations and the financial position of Vertiqal Studios Corp. (formerly, Gamelancer Media Corp.) (the "**Company**" or "**Vertiqal**") for the three and nine months ended September 30, 2025, and 2024.

This MD&A should be read in conjunction with the Company's condensed consolidated financial statements and related notes thereto as at and for the three and nine months ended September 30, 2025, and 2024 (collectively, the "financial statements"). All amounts disclosed in this MD&A are expressed in Canadian dollars, unless otherwise noted.

### **Management's Responsibility**

The Company's management is responsible for the preparation and presentation of the financial statements and this MD&A. The financial statements have been prepared in accordance with International Financial Accounting Standards ("**IFRS**") as issued by the International Accounting Standards Board and as included in Part 1 of the CPA Canada Handbook – Accounting and the interpretations of the International Financial Reporting Interpretations Committee. This MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators. This MD&A has been prepared as of November 13, 2025.

### **Forward-Looking Statements**

This MD&A may contain forward-looking statements based on assumptions and judgments of management regarding events or results that may prove to be inaccurate as a result of exploration or other risk factors beyond its control. Actual results may differ materially from the expected results. Except for statements of historical fact, this MD&A contains certain "forward-looking information" within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. In particular, forward-looking information in this MD&A includes, but is not limited to, statements with respect to future events such as the launch of the Company's loyalty platform. Although we believe that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. We cannot guarantee future results, performance or achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the forward-looking information. Forward-looking information is based on the opinions and estimates of management at the date the statements are made, which are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking information. Some of the risks and other factors that could cause results to differ materially from those expressed in the forward-looking statements include, but are not limited to: general economic conditions in Canada, the United States and globally; industry conditions; the outbreak of an epidemic or a pandemic, including the recent outbreak of the novel coronavirus (COVID-19), or other health crisis and the related global health emergency affecting workforce health and wellbeing; governmental regulation; unanticipated operating events; competition; the availability of capital on acceptable terms; stock market volatility; volatility in market price and the other factors described herein under "Risks and Uncertainties". Readers are cautioned that this list of risk factors should not be considered as exhaustive. The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. We undertake no duty to update any of the forward-looking information to conform such information to actual results or to changes in our expectations except

as otherwise required by applicable securities legislation. Readers are cautioned not to place undue reliance on forward-looking information.

## **Description of Business**

Vertiqal Studios Corp. was co-founded by Jonathan Dwyer (CEO) and Michael Cotton. The Company is headquartered in Ontario, Canada having a registered office of 200-441 King Street, , Toronto, Ontario, M5V 1K4.

Vertiqal Studios Corp. is a media & entertainment company producing short-form video content for brands, with broadcast on its owned and operated TikTok, Snapchat, and Instagram channels. Vertiqal Media has a strategic partnership with both TikTok North America and Snap Inc. The media company currently works with companies such as Samsung, Belkin, Celsius, and several other notable brands. The Company produces and distributes content across its 138 owned-and-operated channels to over 52 million followers and subscribers, generating over 2 billion monthly video views. The Vertiqal network grows by over 1.5 million new followers monthly. A majority of Vertiqal's audience are located in the USA, Canada, the UK, and Australia.

With advanced user data analytics, Vertiqal provides its audience with content relevant to the Gen Z and Millennial respective communities. Vertiqal owns the largest gaming media inventory on TikTok. Vertiqal also monetizes across its Snapchat Discover channels in partnership with Snapchat.

Vertiqal recently announced a hallmark partnership agreement with TikTok North America, becoming the 68th Global Joint Business Partner of TikTok globally, strengthening its capabilities as a full-service media partner to brands and creators. Boasting a large gaming community on TikTok with over 32 million followers across its 12 TikTok accounts, Vertiqal offers expertise in building loyal and engaging online communities. As a modern media enterprise, the Company provides a unique opportunity for brands to create authentic connections with Vertiqal's extensive GenZ and younger Millennial audiences through ad space on its network of 66 owned-and-operated channels and full production capabilities. Given the vast number of total followers and subscribers across its social media platforms to date, brands have a unique advantage in making authentic connections with their desired demographic through custom branded short-form content that resonates with these audiences.

The Company also owns an NFT platform (non-fungible token) but announced during the year ended December 31, 2022, that it was exiting the NFT business and no longer pursuing initiatives in this space.

With the acquisitions of JoyBox Media Inc. (rebranded post-acquisition as *Gamelancer Studios*) and Gamelancer Inc. in the first and second quarters of 2022, respectively, the Company has solidified its creative and distribution offerings. Gamelancer Studios is a production studio that creates original programming, including scripting, storyboarding, and shooting original content for brand partners. Gamelancer Inc. focuses on user-generated content to promote partner's products and services through its network.

In August 2025, the Company completed the acquisition of certain software, intellectual property, and related contractual rights from Revmo Inc., a U.S.-based data analytics and technology company specializing in social media engagement measurement. The acquisition, settled through the issuance of shares, brings proprietary data tools that enhance Vertiqal's ability to analyze performance metrics across major platforms including Snapchat, TikTok, and Instagram. This technology provides the Company with advanced campaign validation capabilities and data-driven insights, supporting improved monetization and strategic decision-making.

In September 2025, Vertiqal completed the acquisition of Omnia Media Inc. and Gameco Canada Inc., along with related digital media and direct sales assets, from Enthusiast Gaming Holdings Inc. The transaction included the transfer of Enthusiast's Google Ad Manager (GAM) license, a highly strategic and limited asset that enables Vertiqal to sell scaled programmatic advertising inventory directly to advertisers. The acquisition also included intellectual property, web properties, and the associated media sales infrastructure, strengthening Vertiqal's ability to execute integrated digital campaigns and significantly expanding its direct sales and monetization capabilities across North America.

The Company formerly traded on the Canadian Securities Exchange ("CSE") under the symbols GMNG and GMNG.WT; on the OTCQB Venture market in the United States effective January 26, 2022 under the symbol WDRGF; and on the Frankfurt Exchange under the symbol 64Q. Effective during the third quarter of 2022, the Company changed its name to Gamelancer Media Corp. to reflect the Company's media focus.

Effective July 19, 2023, the Company began trading on the TMX under the symbol GMNG. On September 28, 2023, the Company registered a new business name to operate under, Vertiqal Studios, to reflect the Company's focus into all genres. Therefore, the symbol under TSX changed to VRTS.

#### **Industry Outlook** (source: Haywood Capital – April 24, 2023)

##### *Global Digital Advertising*

Ad spending in the digital advertising market is projected to reach US\$680 billion in 2023 (+10.6% year over year). Ad spending on social media is expected to reach US\$207.1 billion in 2023 (+9.3% year over year). Digital advertising on mobile is projected to continue eating into desktop ad spending share as the proliferation of devices and total cost of ownership and connectivity continues to decrease globally.

##### *Social Media Advertising*

Social media advertising is a whole different beast from traditional social media. According to HootSuite, more than 4.7 billion people globally use social media and in 2022, the number of social media users grew by 4.2%. Statista projects social media ad spending to hit US\$207.1 billion in 2023 with HootSuite expecting social video advertising to reach US\$79.3 billion in 2024 – social media accounted for 33% of all digital advertising spend in 2022. By the end of 2022, the volume of social media ad impressions was more than 30% higher than the previous year.

### *Gaming and Streaming*

Gaming revenues are growing with the catalyst of mobile gaming being a major factor for accessibility in emerging markets. Smartphone penetration and 5G rollouts across the globe are making it easier for gamers to access content and join the gaming and esports communities with lower latency and increased speeds. The global esports audience is forecasted to reach 641 million people by 2025 made up of roughly 50% occasional viewers and 50% enthusiasts – gamers who watch professional esports content more than once a month. The North American audience is growing steadily driven by exposure to the industry and the interest of younger generations with esports audiences consisting largely of hard-to-reach demographics under the age of 35. Traditional marketing formats are proving to be less effective in these demographics and brands are shifting their strategies to target the esports audience to promote their products.

### *Influencer Marketing*

Influencer marketing is becoming more frequently utilized by brands to attract a difficult to reach demographic segments of the population. Gaming is the fourth most popular vertical in influencer marketing and is continuing to grow as gaming and influencers become more ingrained in mainstream society.

### *Global Gaming Growth*

The gaming industry has quickly eclipsed media types like movies, music and books to become the second most prominent form of entertainment globally, only behind television. The esports industry made up a small portion of the global gaming revenue in 2021 but is amongst the fastest growing segments in today's entertainment industry. In 2021, 83% of esports revenue was made up of Sponsorships (61%), Media Rights (15%), Digital (4%) and Streaming (3%). The Gaming live streaming audience reached nearly 810 million in 2021 and is expected to reach approximately 1.4 billion by 2025, indicating a compounded annual growth rate of 16.3% from 2020 to 2025.

### *Influencer Marketing*

Influencer marketing is gaining traction as a key tool for brands to attract younger audiences, a typically hard-to-reach but highly profitable demographic. According to Esports iQ Analytics, 78% of esports fans in North America are not likely to be influenced by online ads and must be targeted using creative methods like influencer marketing. While sponsorship is an attractive way to reach the broader gaming market, esports fans seem to crave a more personal approach. Influencers attract audiences on a human level allowing them to relate to a personality rather than a logo. Gaming represents the 4th most popular influencer marketing segment with roughly 11% of the market share behind Fashion & Beauty, Health & Fitness and Travel.

## **Highlights**

### ***Trading on the TMX***

On July 19, 2023, the Company began trading on the TMX under the symbol GMNG. In August 2024, the Company changed its name to Vertiqal Studios, and began trading under the ticker symbol VRTS.

### ***Private Placement of Common Shares and Warrants – July 2023***

During the second quarter of 2023, the Company closed two brokered private placement offerings, issuing 100,038,500 units of the Company for aggregate gross proceeds of \$10,003,500, resulting in an issue price of \$0.10 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one share at an exercise price of \$0.15 per share for a period for 36 months following the closing date of the offerings. In connection with the closing of the private placement, the Company incurred cash transaction costs of \$524,238 and issued 2,008,195 broker warrants to agents as compensation for the private placement.

### ***Asset Acquisition of Offbeat Media Group***

On December 19, 2023, Vertiqal entered into an Asset Purchase Agreement (“APA” or the “Agreement”) with Offbeat Media Group Inc., a Delaware corporation (“Offbeat”), Offbeat Studios LLC, a Georgia limited liability company (“Offbeat Studios”), Creator Labs LLC, a Georgia limited liability company (“Creator Labs” and together with Offbeat and Offbeat Studios, each a “Seller” and collectively the “Sellers”) to purchase 68 Snapchat social media channels owned and operated by the Sellers.

Offbeat Studios and Creator Labs are wholly owned subsidiaries of Offbeat.

The Agreement outlines that Vertiqal has acquired 68 Snapchat channels (the “Snapchat Channels”) and all related rights, licenses, permits, certifications and accreditations relating to those channels owned by the Sellers in exchange for:

Purchase price of USD\$2,000,000, which consists of:

1. USD\$1,000,000 of cash consideration due on closing; and
2. USD\$1,000,000 payable in equal monthly instalments over the following 18 months and interest at a rate of 5% per annum payable monthly on the outstanding balance.

As of May 2025, the Company has completed its monthly payments for the Offbeat Studios acquisition.

### ***Private Placement***

In December 2023, the Company issued 42,500,000 common shares at a price per share of \$0.04. The company initiated the private placement to raise funds to finance the acquisition of Snapchat channels from Offbeat Media. The Company raised \$1.7M CAD through the issuance of these shares, and therefore incurred \$152,713 of transaction costs which consisted of TSX listing fee and legal fees, as well as commissions paid on gross proceeds. As part of the second tranche of the private placement that was raised in December 2023, there is an additional \$513,074 worth of common shares to be issued, comprised of \$340,000 held in trust with Irwin Lowry and the remaining received directly to the Company. These shares are issued as at March 31, 2024.

### **Amendment of Debenture Units**

On September 10, 2024, the Company entered into the Amendment of the convertible debenture (CD I) with the subscribers. As a result, the agreement was modified. The amendments resulted in several changes to the terms of the debentures, among others, notably:

- Increase in interest rate from 12% to 15%
- Maturity date changed from November 3, 2027 to September 10, 2025
- Automatic conversion to common shares at maturity, unless the Company exercises a prepayment option.

Due to the substantial modification of the terms of an existing financial liability, it was accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

### ***Asset Acquisition of Viral Nation Channels***

On December 19, 2024, Vertiqal entered into an Asset Purchase Agreement (“APA” or the “Agreement”) with Viral Nation, an Ontario corporation, and together with Viral Nation, the Company purchased four instagram social media channels owned and operated by Viral nation.

The Agreement outlines that Vertiqal has acquired four instagram channels and all related rights, licenses, permits, certifications and accreditations relating to those channels owned by the Sellers in exchange for:

Purchase price of USD\$150,000 which consists of:

1. USD\$50,000 of cash consideration due on closing; and
2. USD\$100,000 payable in through the issuance of common shares in the capital of the Company at a deemed price of \$0.025 per share

### ***Various Strategic Partnerships and Agreements***

On February 21, 2023, the Company announced that it had finalized its partnership with TikTok North America.

On February 22, 2023, the Company announced that it had secured an agreement to broaden the scope of its current media partnership with Snap Inc.

On May 4, 2023, the Company announced a partnership with Top-5 Global Electronics Manufacturer, specifically a six-figure campaign.

On June 20, 2023, the Company announced a campaign with Samsung Canada.

On August 13, 2024, the Company announced a strategic partnership with 6ixbuzztv.

On December 12, 2024, the Company announced a partnership with a Toronto-based gaming platform, Ledge to offer leading brands unique immersive in-game opportunities.

On December 19, 2024, the Company announced a collaboration with Viral Nation.

### ***Business Objective and Milestones***

The Company continues to expand its content production and distribution across its owned and operated TikTok, Snapchat and Instagram channels. The Company began to generate revenues in the fourth quarter of 2021 and has continued to do so at an increasing pace throughout 2022 and into 2024. With the acquisition of JoyBox Media Inc. in the first quarter of 2022 and Gamelancer, Inc. in the second quarter of 2022, the Company's offerings as it relates to being a creative video and distribution partner has found significant success. Schedule A banks such as RBC, multi-national conglomerates such as Samsung, and linear television broadcasters such as ESPN have utilized Gamelancer's creative and distribution services.

### ***Other Matters***

On January 17, 2023, the Company announced that it had granted an aggregate of 9,550,000 options to purchase common shares of the Company exercisable at a price of \$0.155 per common share for a period of three years to officers, directors and employees of the Company.

In January 2023, an officer and shareholder of the Company provided the Company with a non-interest bearing loan of US\$135,000.

On January 9, 2023, the Company announced the appointment Pooja Sharma as Chief Financial Officer.

On April 6, 2023, announced that it has continued from the Province of British Columbia under The Business Corporations Act (British Columbia) into Province of Ontario under the Business Corporations Act Ontario as of April 5, 2023.

In April 2023, an officer and a shareholder of the Company provided the Company with a non-interest bearing loan of US\$500,000.

In May 2023, the Company agreed to settle the lawsuit with D&H Group LLP for \$15,000. Refer to the *Contingencies* section herein for more information.

On May 8, 2023 the Company announced a \$10M brokered private placement of units led by the Chretien-Desmarais Family Office.

On July 5, 2023, the Company announced the appointment of Max Desmarais as President.

On July 6, 2023, the Company made the final purchase price payment of an aggregate \$4,840,282.44 USD to the former Gamelancer Shareholders, of which also included issuance of common shares. The Company also made the final contingent consideration payment to Joybox Shareholders, of which also included the issuance of common shares.

On July 19, 2023, the Company announced its debut on the Toronto Stock Exchange, as Vertical Studios (VRTS).

On July 24, 2023, the Company announced a partnership with 10PM curfew.

On September 5, 2023, the Company announced its formation of US advisory board and its plans to expand into the US.

On October 2, 2023, the Company announced a rebrand to Vertical studios as well as leadership changes. These leadership changes includes Razvan Romanescu to continue his role as a member of the Board of Directors while resigned from his current positions as Chief Strategy Officer.

On October 16, 2023, the Company announced its integration of Revmo platform algorithm to enhance the company's business development strategy.

On November 1, 2023, the Company announced Tyler Wells joining as Chief Operation Officer.

On January 26, 2024, the Company announced the second tranche of the private placement of common shares as a follow-on to the Company's recent private placement which allowed for the acquisition of assets from Offbeat Media Group Inc. at an issue price of \$0.025 per common share for gross proceeds of \$653,074.

On February 20, 2024, the Company appointed Pamela Glassman as Chief Revenue Officer to drive business growth and US expansion.

On February 29, 2024, the Company welcomes Aaron Reitkopf and Kevin Moriarty to its Board of Directors , with Kevin serving as Chair of Audit Committee.

On April 18, 2024, the Company announced the appointment of Kevin Cooper to its Board of Directors as well as Kevin Lee as Vice President of Marketing and Planning.

On June 27, 2024, the Company announced the closing of a non-brokered private placement through the issuance of 1,000 unsecured convertible debentures at a price of \$1,000 per debenture for gross proceeds of \$1,000,000 CAD.

On July 2, 2024 the Company entered into a debt settlement agreement with Carriage House Capital Corp., where the Company issued 8,666,666 common shares to settle an aggregate of \$260,000 of indebtedness.

On July 23, 2024 the Company announced Lance Klima and Trevor Tune to its Board of Directors.

On August 2, 2024, the Company announced its name change to Vertiqal Studios Corp.

On September 10, 2024, the Company announced the amendment of debentures and entering into an amended and restated debenture indenture.

On May 1, 2025, the Company announced the closing of an unsecured convertible debentures for aggregate gross proceeds of \$1,550,000. The debenture will mature on May 1, 2027 will bear interest at an interest rate of fifteen percent (15%) per annum. \$750,000 of principal is considered a related party transaction.

On May 1, 2025, the Company announced PJ Bujouves to its board of directors.

On August 7, 2025, Vertiqal Studios completed the acquisition of certain software, intellectual property, and related contractual rights from Revmo Inc., a U.S.-based data analytics and technology company

specializing in social-media performance measurement. The acquisition was satisfied through the issuance of 62,464,565 common shares, valued at approximately \$804,022. Revmo’s proprietary technology enhances Vertiqal’s data insight capabilities across key platforms, including Snapchat, TikTok, and Instagram, providing improved campaign performance analytics and validation of advertising metrics. The transaction brings both the technology and the founder of Revmo, who has joined Vertiqal as Chief Data Officer, further strengthening the Company’s internal data and technology infrastructure.

On September 2, 2025, the Company finalized the acquisition of Omnia Media Inc. and Gameco Canada Inc., along with related digital-media assets, from Enthusiast Gaming Holdings Inc. for total consideration of \$900,000 in cash and the assumption of certain ongoing liabilities. The acquisition included Enthusiast’s direct-media sales infrastructure, web properties, and associated intellectual property, expanding Vertiqal’s content network and advertising capabilities. This strategic acquisition enhances Vertiqal’s scale in the digital-media and creator-economy segments, allowing the Company to internalize high-margin media-sales functions and broaden its relationships with major advertisers and brand partners.

## Financial Position, Results of Operations and Cashflows

### Results of Operations

The following summarizes the results of operations of the Company for the three and nine months ended September 30, 2025 and 2024:

	Three months ended September, 2025	Three months ended September, 2024	Nine months ended September, 2025	Nine months ended September, 2024
<b>Revenues:</b>				
Advertising revenue	\$2,158,802	\$1,863,636	\$3,642,413	\$3,810,715
Cost of sales	925,319	870,162	1,340,747	1,294,250
<b>Gross margin</b>	<b>1,233,483</b>	<b>993,474</b>	<b>2,301,666</b>	<b>2,516,465</b>
<b>Expenses:</b>				
Consultants and subcontractors	843,536	604,425	2,323,364	1,653,862
Share-based payments	238,025	96,480	147,174	96,480
Professional fees	232,823	192,957	399,720	429,587
General and administrative	250,538	246,769	580,708	699,238
Advertising and promotion	41,711	16,229	180,019	180,019
Salaries, wages and benefits	241,356	250,685	632,307	665,896

Depreciation and amortization	278,776	193,020	740,016	571,133
Foreign exchange (gain) loss	12,411	4,502	73,027	29,425
Finance costs, net	199,834	148,371	672,813	546,822
(Gain) Loss on extinguishment of debt	1,555,807	(2,688,221)	1,555,807	(2,688,221)
Loss on change in fair value recognized through profit and loss (Note 8)	368,407	1,490,080	(118,168)	1,490,080
<b>Net income (loss) before income taxes</b>	<b>(3,029,741)</b>	<b>438,177</b>	<b>(4,885,120)</b>	<b>(1,038,012)</b>
Income taxes - current	-	(164,635)	-	(251,580)
Income taxes - deferred	-	(325,750)	-	(189,340)
<b>Net (loss)</b>	<b>(3,029,741)</b>	<b>(52,208)</b>	<b>(4,885,120)</b>	<b>(1,478,932)</b>
OCI – Exchange difference on translating foreign operations	37,981	(22,091)	76,383	9,315
Deferred tax	-	75,754	-	(115,080)
<b>Total comprehensive income (loss)</b>	<b>\$(2,991,760)</b>	<b>\$1,455</b>	<b>\$(4,808,738)</b>	<b>\$(1,584,697)</b>

Revenues of \$2,158,802 for the three months and \$3,642,413 for the nine months ended September 30, 2025 (three months ending September 30, 2024 - \$1,186,636; nine months ending September 30, 2024 - \$3,642,413) were recognized. These revenues reflect both direct advertising revenues as well as programmatic advertising revenues. Revenues are derived from both Canadian and US sources with US-source revenues comprising the majority. The Company's customers are varied and established companies. The Company has shown significant revenue growth in each of the last five quarters.

Cost of sales for the three and nine months ended September 30, 2025, were \$925,319 and \$1,340,747 respectively (2024 - \$870,162 and \$1,294,250). Cost of sales reflects the cost of consultants and contractors providing video content, editing and other production services directly related to the generation of revenues.

Consultants and subcontractor costs for the three months ended September 30, 2025, of \$843,536 and \$2,323,364 for the nine months ended September 30, 2025. (three months ended September 30, 2024 - \$604,425; nine months ended September 30, 2025 - \$1,653,862) consist primarily of contractor payments to the Chief Operating Officer, Chief Revenue Officer, Chief Financial Officer, Chief Data Officer and sales personnel of the Company for executive management services provided as well as amounts due to firms providing investor relations services.

Share-based compensation for the three and nine months ended September 30, 2025, of \$238,025 and \$147,174 respectively (three- and nine-months ending September 30, 2024 - \$96,480) represents the vesting of the options issued to members of management as well as certain consultants providing services to the Company. During the three months ending September 30, 2025, the company incurred \$238,025 of net share-based compensation expired, for the three months ending September 30, 2025, (2024 - \$96,480), and \$147,174 for the nine months ending September 30, 2025 (2024 - \$96,480)

Professional fees for the three and nine months ended September 30, 2025, of \$232,823 and \$399,720 respectively (\$192,957 and \$429,587 for the three- and nine months ending September 30, 2024) include legal fees paid for general corporate matters and financings, legal fees related to three lawsuits (see *Contingencies* section), as well as fees due to auditors and accountants for audit and tax services.

General and administrative expenses for the three and ended September 30, 2025, of \$250,538 and \$580,708 for the nine months ended September 30, 2025 (\$246,769 and \$699,238 for the three- and nine-months ending September 30, 2024) consist of insurance costs, various travel and entertainment expenses related to investor presentations and meetings as well as supplies and other miscellaneous administrative expenses.

Advertising and promotion expenses the three months ending September 30, 2025 were \$41,711 and for the nine months ended September 30, 2025 were \$180,019 (\$16,299 and \$60,175 for the three- and nine-months ending September 30, 2024) includes numerous payments to firms marketing the company, conference sponsorship, as well as firms providing data to the Company on the gaming and digital media industry.

Salaries, wages and benefits for the three and nine months ended September 30, 2025, were \$241,356 and \$632,307 respectively. (\$250,685 and \$665,896 for the three- and nine-months ending September 30, 2024) are for compensation related to a member of the executive management team, the CEO, and the additions of the Gamelancer, Inc. staff starting in April 2022.

Depreciation and amortization for the three months ended September 30, 2025, were \$278,776 and \$740,016 for the nine months ended September 30, 2025. (\$193,020 and \$571,133 for the three- and nine-months ending September 30, 2024) reflects that of the intangible assets acquired as part of the acquisitions of JoyBox Media Inc., Gamelancer, Inc. in April 2022 and Offbeat Media in December 2023. These intangibles included both the value of the brand names acquired as well as the customer relationships acquired and are being amortized over their expected useful lives of ten years and four years, respectively.

The foreign exchange loss (gain) for the three and nine months ended September 30, 2025, of 12,411 and \$73,027 respectively, (\$4,502 and \$29,425 for the three- and nine-months ending September 30, 2024) represents the variances in the US/Canadian dollar foreign exchange rate on US dollar denominated payable.

Finance costs, net, the three months ended September 30, 2025, of \$199,834 and \$672,813 for the nine months ended September 30, 2025, (\$148,371 and \$546,822 for the three- and nine-months ending September 30, 2024) largely consist of accretion on the debenture units and promissory note that did not exist in the prior year.

(Gain) Loss on the extinguishment of debt was \$1,555,807 for the three- and nine-months ending September 30, 2025 ((\$2,688,221) for the three and nine months ending September 30, 2024)

The loss on change in fair value recognized through profit and loss is the adjustment related to the revaluation of the CD#1 debenture and CD#3. For the three months ended September 30, 2025, the adjustment on CD1 and CD3 were \$406,215 (2024 – \$1,490,080) for the three months ended September 30, 2025, and \$(80,360) (2024 - \$1,490,080) for the nine months ended September 30, 2025.

The exchange difference on translating foreign operations included within ‘other comprehensive income for the three months ended September 30, 2025 was \$37,971 (2024 - (\$22,091)) and \$76,383 (2024 - \$9,315) for the nine months ended September 30, 2025 , represents an unrealized foreign exchange translation loss on consolidating the net investment in the subsidiaries Gamelancer Inc., Omnia Media Inc. and Wondr Gaming USA Corp., with a functional currency in US dollars, into Canadian dollars at the financial reporting date of September 30, 2025.

The following table reconciles the Company’s net loss to a non-GAAP adjusted earnings figure. This measure is intended to show a calculation of the Company’s net loss adjusted for non-cash expenses:

	For the three months ended September 30, 2025	For the three months ended September 30, 2024	For the nine months ended September 31, 2025	For the nine months ended September 31, 2024
	\$	\$	\$	\$
Net loss before income taxes	(3,029,741)	(52,208)	(4,885,121)	(1,478,932)
Share-based payments	238,028	96,480	147,174	96,480)
Depreciation and amortization	278,776	193,020	740,016	571,133
Foreign exchange loss	12,411	4,502	73,027	29,425
Accretion expense on debenture units and promissory note	199,834	148,371	672,813	546,822

Loss on change in fair value recognized through profit and loss	368,407	1,490,080	(118,168)	1,490,080
(Gain) Loss on extinguishment of debt	1,555,807	(2,688,221)	1,555,807	(2,688,221)
<b>Adjusted loss</b>	<b>\$(376,478)</b>	<b>\$(807,976)</b>	<b>\$(1,814,452)</b>	<b>\$(1,529,693)</b>

Non-GAAP measurements are not reflective of guidance provided by International Financial Reporting Standards. Management presents such figures because it believes it assists the reader in evaluating the overall financial operating results of the Company. Management is required to detail, as it has done in the table above, how the non-GAAP measure, in this case 'adjusted loss,' is derived from the GAAP measures in the Company's Consolidated Income Statements.

### ***Financial Position and Cashflows***

The following summarizes the financial position of the Company as at September 30, 2025 and December 31, 2024:

	<b>As at September 30, 2025</b>	<b>As at December 31, 2024</b>
<b>Assets:</b>	<b>\$</b>	<b>\$</b>
Current assets	\$3,076,125	\$2,047,151
Deposits	4,425	4,425
Property and equipment	19,488	8,549
Right of use asset	447,766	215,795
Intangible assets	5,311,268	2,589,276
Goodwill	3,563,584	-
<b>Liabilities:</b>		
Current liabilities	7,931,089	7,946,005
Promissory Note	900,000	399,622
Lease liability	762,678	215,279
Private placement liability	1,050,000	350,000
Convertible debentures	2,150,000	-
Deferred tax liability	710,475	40,628
<b>Shareholders' equity:</b>		
Common shares	60,690,736	59,527,290

Shares to be issued	6,178,193	173,014
Warrant reserve	3,619,338	3,619,338
Share-based benefits reserve	1,896,380	1,958,630
Accumulated other comprehensive loss	1,131,511	1,155,128
Deficit	(75,315,987)	(70,430,867)

Current assets consist of cash of \$397,535 (2024 - \$506,130), receivables of \$2,355,741 (2024 - \$1,338,061) and prepaid expenses and deposits of \$322,849 (2024 - \$202,960).

Including revenues of \$2,158,802 for the nine months ended September 30, 2025, cash flows used in operations for the nine months ended September 30, 2025, were (\$1,941,02 ) (2024 – (\$45,732)).

Cash flows from investing activities for the three and nine months ended September 30, 2025, was (\$900,000) (2024 -\$340,000) and relates to restricted cash.

Cash flows provided from financing activities for the three and nine months ended September 30, 2025, were \$2,765,656 (2024 – (\$830,963)) representing the proceeds from the convertible debenture, private placement, loans from related party's and lease additions. The cash flow in the comparative period also consisted largely of the proceeds from the private placement of common shares and warrants, net of transaction costs.

The receivables balance of \$2,355,741 (2024 – 1,338,061) consists largely of a HST receivable of \$242,168 (2024 - \$288,784) with \$2,113,573 (2024 - \$1,048,819) related to trade receivables. Prepaid expenses of \$322,849 (2023 - \$202,960) consist of prepaid fees related to the Company's customer relationship management platform as well as a company providing market data information.

Deposits of \$4,425 (2024 - \$4,425) consist of the rental deposit on the Company's office location paid to a company owned by a shareholder of the Company. Property and equipment of \$19,488 (2024 - \$8,549) relates to computer and studio equipment.

Right of use assets of \$447,766 (2024 - \$215,795), consists of the office premises that the Company rents along with the office premises included in the purchase of Omnia Media.

Intangible assets of \$5,311,268 (2024 - \$2,589,276) consist of trade names and customer relationships and software. The most significant items comprising intangible assets include \$306,207 (2024 - \$351,578) assigned to the Gamelancer and JoyBox trade name as part of their acquisitions as well as \$1,867,659 (2024 - \$2,237,698) assigned to Customer Relationships. Majority of intangible assets were written down and the Company incurred an impairment loss on intangible assets for its CGUs of Direct Media and Snapchat. Refer to earlier note on impairment loss on intangibles.

Current liabilities are \$9,299,155 (2024 - \$7,946,005). Current liabilities consist of accounts payable and accrued liabilities of \$7,931,089 (2024 - \$2,706,608), income taxes payable of \$463,501 (2024 - \$470,058), due to related parties of \$154,743 (2024 - \$5,069) which includes an amount due to a former shareholder of JBM and current shareholder of the Company. Current liabilities also include the lease liability of \$749,822 (2024 - \$88,871) related to the two rental offices. Lastly, it also includes the debenture units of \$2,150,000 (2024 - \$4,675,399) comprised of one different debentures, as the company converted the CD1 and CD2 debentures during the quarter ended September 30, 2025.

Accounts payable and accrued liabilities are comprised of miscellaneous vendor payables, audit accrual, advisory fee payable, legal fee payables, and accruals to various consultants providing services to the Company. The increase over the prior year primarily reflects the assumed liabilities arising from the acquisition of Omnia Media, Luminosity, and related assets and liabilities from Enthusiast Gaming Holdings Inc., completed during the current period

The promissory note of \$900,000 (2024 – \$399,622) represents the amount payable in connection with the acquisition of Omnia Media, Luminosity, and related assets and entities from Enthusiast Gaming Holdings Inc.

The deferred tax liability of \$710,475 (2024 - \$40,628) reflects the difference in the carrying value of the intangible assets (Trade Name and Customer Relationships) acquired as part of the JoyBox, Gamelancer and Enthusiast Holdings Inc. acquisitions and the \$nil tax basis calculated at the applicable tax rate. This balance does not reflect the cash-taxes owing at this time and will be drawn down over time as the assets are amortized for accounting purposes.

The convertible debenture is comprised of the fair value of debenture issued on May 1, 2025, for \$2,150,000 plus gain in fair value.

The warrant reserve in shareholders' equity of \$3,619,338 (2024 - \$3,619,338) represents the fair value of 446,674 common share purchase warrants issued in 2020 to consultants for services in connection with the private placement of common shares; the issue of 3,275,820 common share purchase warrants in connection with the private placement of the subscription receipts (i.e. Concurrent Financing); the issue of 2,320,000 warrants in connection with the Convertible Debentures, the issuance of 22,045,750 warrants in connection with the conversion of the subscription receipts and 4,000,000 warrants issued to Blue Deer Capital compensation for their advisory agreement. The balance also includes the 24,999,999 warrants issued and 1,633,229 broker warrants as part of the private placement of Units as well as the 455,000 warrants and 742,259 broker warrants issued as part of the Debenture Unit issuance during the year ended December 31, 2022. The balance also includes the issuance of 100,038,500 warrants in connection with the private placement in Q2 2023, as well as the issuance of 2,008,195 broker warrants in connection with the private placement.

The share-based benefits reserve of \$1,896,380 (2024 - \$1,958,630) represents the fair value of the options issued to executive officers and various consultants as at September 30, 2025.

## Selected Quarterly Information

Quarter Ended	September 30, 2025	June 30, 2025	March 31, 2025	December 31, 2024
Revenue	\$2,158,802	\$777,766	\$705,845	\$1,050,698
Net loss from continuing operations	\$3,029,741	\$541,967	\$1,313,413	\$820,699
Net loss on per share basis	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Quarter Ended	September 30, 2024	September 30, 2024	March 31, 2024	December 31, 2023
Revenue	\$1,863,636	\$1,104,170	\$842,909	\$1,066,812
Net loss from continuing operations	\$52,208	\$913,677	\$595,245	\$44,693,810
Net loss on per share basis	\$ 0.00	\$0.00	\$0.00	\$ 0.07

## Liquidity and Capital Resources

During the year ended December 31, 2022, the Company completed a non-brokered private placement of 50,000,000 Units at a price of \$0.20 per Unit for aggregate gross proceeds of \$10,000,000. After transaction costs, the net proceeds received by the Company was \$9,611,022.

As noted above under Debenture Units, in November 2022, the Company raised \$4,550,000 from the issuance of Debenture Units which it used to fund the first US\$2,500,000 deferred consideration amount related to the Gamelancer, Inc. acquisition as well as for working capital purposes. The Debenture Units are reflected in the balance sheet at their fair value and are accreted up to the face amount through their maturity date.

During Q2 2023, the Company completed a private placement of 100,038,500 units at a price of \$0.10 per unit for aggregate gross proceeds of \$10,038,500. After transactions costs, the net proceeds received by the Company was \$9,390,480.

During Q4 2023, the Company completed a private placement of 42,500,000 units at a price of \$0.04 per unit for aggregate gross proceeds of \$1,700,000. There was a second tranche of this private placement that occurred subsequent to December 31, 2023. As at year end, there was \$340,000 in trust in relation to the second tranche and a total of \$513,074 worth of common shares to be issued. As at March 31, 2024, the funds in trust were received and remaining common shares were issued.

The Company allocated the funds raised to support operations and internal growth initiatives. The Company does not currently have a bank credit facility but may consider one in the future should management feel it will assist in achieving its strategic and operational objectives. As noted above under *Acquisition of Gamelancer, Inc.*, the Company used US\$7,000,000 of the funds raised during the Q1-22 private placement to acquire Gamelancer Inc. With additional funds raised in the fourth quarter of 2022 the Company paid the first of two US\$2,500,000 due as part of the consideration for the acquisition of Gamelancer, Inc. The second payment of US\$2,500,000 was also paid in Q2 2023. There is an additional obligation of US\$125,000 as part of the Gamelancer, Inc. transaction that had also been paid in Q2 2023.

The Company is not economically dependent on any parties, has no off-balance sheet financing nor are there any restrictions on the use of its cash other than the GIC held as security for corporate credit cards.

At this time, although the Company is now generating revenues, the Company is not anticipating an ongoing profit from operations in the immediate term, therefore it will be dependent on its ability to obtain equity or debt financing for growth. The Company may need additional capital and may raise additional funds should the board of directors of the Company (the “**Board of Directors**”) deem it advisable.

During the period ended September 30, 2025, the Company had minimal or negative operating cash flow because it had modest revenues and significant operating expenses. In addition, as a result of the Company’s business plans for the development of its products, the Company expects cash flow from operations to be negative until revenues grow to a point of offsetting its operating expenditures. While continuing to focus on continued revenue growth, the Company is also actively looking at any operating efficiencies to reduce expenditures. The Company’s cash flow from operations may be affected in the future by expenditures incurred by the Company to continue to develop its products and services. The amounts set out above for use as working capital may be used to offset this anticipated negative operating cash flow.

### **Critical Accounting Estimates**

Application of the Company’s accounting policies in compliance with International Financial Reporting Standards (“**IFRS**”) requires the Company’s management to make certain judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made.

## **Off-Balance Sheet Arrangements**

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, an effect on the results of operations or financial condition of the Company.

## **Financial Instruments**

### Recognition and Classification

#### Financial Assets

All financial assets are initially recognized at fair value, adjusted by, in the case of instruments not at fair value through profit or loss, directly attributable transaction costs. After initial recognition, financial assets are subsequently classified and measured at either fair value through profit or loss ("**FVTPL**"), fair value through other comprehensive income ("**FVTOCI**") or amortized cost based on the Company's assessment of the business model within which the financial asset is managed and the financial asset's contractual cash flow characteristics.

The Company measures cash at FVTPL as at September 30, 2025 and December 31, 2024.

Financial assets measured at amortized cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method less impairment. Accounts receivable and short-term investments are classified as measured at amortized cost.

#### Financial Liabilities

The Company classifies its financial liabilities into one of the following two categories; measured at amortized cost and measured at FVTPL. The Company has designated the derivative conversion option related to the Convertible Debentures as being measured at FVTPL.

Financial liabilities measured at amortized cost are initially recognized at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortized cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet.

Accounts payable and accrued liabilities, due to related party, lease liabilities and long-term debt are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method.

#### Derecognition

Financial assets are derecognized only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognizes financial liabilities when the Company's obligations are discharged, cancelled, or they expire.

## Offsetting

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Company has a legal right to offset the recognized amounts, and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

## Fair Value and Market Value Measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

When available, the Company measures the fair value of an instrument using quoted market prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1), and the lowest priority to unobservable inputs (level 3).

The three levels of the fair value hierarchy are as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly;
- Level 3: Inputs that are not based on observable market data.

## Impairment of Financial Assets

At each reporting date, the Company assesses whether there is objective evidence that financial assets not carried at FVTPL are impaired. A financial asset or a group of financial assets are impaired based upon the expected credit loss ("ECL") model.

## **Financial Risk Factors**

The Company's business is subject to certain risks, including but not restricted to risks related to: market risk for securities, future financing risks; going-concern risks; global economy risks; use of proceeds risks; volatility of the Company's share price following a listing on a public exchange and the lack of trading history for the Common Shares; increased costs of being a publicly traded company; limited operating history in an evolving industry and history of losses; lack of brand development; expectations with respect to advancement in technologies; currency fluctuations; interest rates; taxes on the Company and its products; liabilities that are uninsured or uninsurable; economic conditions, dependence on management and conflicts of interest; intellectual property rights; attracting and retaining quality employees; key personnel risk; management of growth; product and services development; expansion risk; breach of confidential information; competition within the technology industry; corporate matters; issuance of debt; third party credit; short term investments; shares reserved for issuance; credit risk; liquidity risk; interest rate risk; and described from time to time in the Company's documents filed with Canadian securities regulatory authorities; and other factors beyond the Company's control.

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, and market risk (including interest rate risk, and foreign exchange rate risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

#### Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash and accounts receivable. The Company has no significant concentration of credit risk arising from operations. Cash consists of cash at banks and on hand. The cash has been invested and held with reputable financial institutions, from which management believes the risk of loss to be remote. The Company's customer base is diversified with no reliance on any one client.

#### Liquidity Risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations as they become due or can only do so at excessive cost. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, or as a result of conditions specific to the Company. As at September 30, 2025, the Company had a cash balance of \$397,535 (2024 - \$506,130) to settle current liabilities of \$9,299,155 (2024 - \$7,946,005). As described previously, the Company used US\$7,000,000 of this to fund the cash consideration due on closing as part of the acquisition of Gamelancer on April 14, 2022. As described above under *Liquidity and Capital Resources*, there are additional cash consideration obligations as part of both the Gamelancer and JoyBox acquisitions with a total of US\$5,000,000 related to the Gamelancer acquisition due within twelve months from April 14, 2022, the closing date. The Company paid US\$2,500,000 of the US\$5,000,000 owing on the Gamelancer Inc. acquisition on November 7, 2022. In addition, the Company paid an additional US\$3,500,000 for the remaining portion of the Gamelancer Inc. acquisition.

During the current period, the Company also issued a \$900,000 promissory note to fund the acquisition of Omnia Media, Luminosity, and related assets from Enthusiast Gaming Holdings Inc.

The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity. As the Company does not generate significant revenue, managing liquidity risk is dependent upon the ability to secure additional financing, controlling expenses, and preserving cash.

With the exception of the deferred considerations and contingent consideration liabilities, most of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

## Market Risk

### Interest Rate Risk

The Company's long-term debt consists of both a fixed and market driven variable interest rate. The Company has assessed the associated interest rate risk as minimal.

### Capital Management

The Company manages its capital with the following objectives:

- (i) To ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- (ii) To maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by Management and the Board of Directors on a regular basis.

The Company considers its capital to be equity, comprising share capital and deficit, which at September 30, 2025 totaled shareholders' deficit of \$5,902,296 (December 31, 2024 – shareholders' deficit of \$1,699,830). The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. Information is provided to the Board of Directors of the Company. The Company is not constrained by externally imposed capital requirements. The Company's capital management objectives, policies and processes have remained unchanged during the year ended December 31, 2024.

### Related Party Transactions

The remuneration of key management personnel, including directors and officers, during the year was as follows:

	Three months ended September 30, 2025	Three months ended September 30, 2024	Nine months ended September 30, 2025	Nine months ended September 30, 2024
	\$	\$	\$	\$
Short-term benefits	377,281	496,031	1,230,897	928,990
	<b>377,281</b>	496,031	<b>1,230,897</b>	928,990

Short-term benefits for the three months ended September 30, 2025, include salaries of \$119,351 (2024 - \$164,351), and \$377,281 for the nine months ending September 30, 2025 (2024 - \$328,702) and consulting fees of \$257,930 for the three months, and \$853,616 for the nine months ending September 30, 2025 (2024 – 3 months \$331,680; nine months - \$600,288). Consulting fees, either paid to the individual or to a company controlled by key management personnel, were recognized in the financial statements in the line item ‘consultants and sub-contractors’.

During the three months ended March 31, 2023, an officer and a shareholder of the Company provided the Company with a non-interest bearing loan of US\$135,000.

In April 2023, this same officer and shareholder provided the Company with an additional non-interest bearing loan of US\$500,000.

During the three months ended March 31, 2023, rent payments of \$12,882, on a month-to-month office rental, were made to a company owned by a shareholder of the Company.

During the private placement, specific directors and officers participated within the private placement and therefore were granted common shares, warrants and options.

During the year ended December 31, 2023, the company entered into a revenue transaction with a related party. These transactions amounted to USD \$80,545 and was primarily related to Advertising Spend. The terms of these transactions were determined on an arm’s length basis and were consistent with those entered with unrelated third parties. The related party whom revenue transaction occurred with was a prior management personnel and continues to be a shareholder of the Company.

In Q1-2025, the Company received a non-interest-bearing loan of US\$200,000. During Q2-2025, the company repaid US\$100,000 of this non-interest bearing loan, leaving a remaining balance of USD\$100,000.

## **Contingencies**

### *Statement of claim – July 29, 2021*

On July 29, 2021, the Company received a statement of claim filed by GroupBy Inc. alleging breach of contract and unjust enrichment and seeking USD \$4,136,807 plus interest and costs. The Company is contesting the claim.

On September 7, 2021, the Company filed a Statement of Defence and Counterclaim in the Ontario Superior Court of Justice against GroupBy Inc. The Company claims, among other things, GroupBy Inc.’s failure to perform the services and misrepresentation and seeks dismissal of the action. Furthermore, the Company is counterclaiming seeking damages of \$400,000 plus costs for breach of contract and negligent misrepresentation.

On October 27, 2021, the Company filed a Third Party Counterclaim in the Ontario Superior Court of Justice against an individual who is a former director of the Company and the CEO of GroupBy Inc. claiming breach of fiduciary duties and duties of good faith and is seeking USD \$4.1 million in damages plus costs.

As litigation is subject to many uncertainties, it is not possible to predict the ultimate outcome of this claim or to estimate the loss, if any, which may result. Accordingly, the outcome of the claim is not yet determinable, and the extent to which an outflow of funds may be required to settle this possible obligation cannot be reliably determined.

On Jul 11, 2023, the Issuer attended a Mediation. There were no offers on the table that was settled upon at Mediation. Legal Counsel has suggested the Company to settle at \$1.14M with payments spread out over time.

The Company denied and as at December 31, 2023, the counter offer came down to \$500,000. In fiscal 2024, the counter offer came down to \$200,000. No decisions have been made on settling.

*Statement of claim – November 19, 2024*

On November 19, 2024, the Company filed a claim in the Ontario Superior Court of Justice against Playground Media Corp., as well as the individuals associated with the Company. The Company is claiming damages relating to breach of contract and misuse of confidential information, among other things and seeking \$4,770,000 in damages plus costs. Subsequent to year end, the Company received a defence denying all claims and allegations. The company is preparing a defence to submit.

*Statement of claim – January 8, 2025*

On January 8, 2025, the Company received a claim from a former consultant claiming dues for wrongful termination in the amount of \$193,957. On February 18, 2025 the Company filed a statement of defence. On March 3, 2025, the Company received a reply to the statement of defence. The Company has offered to schedule a mediation in June of 2025.

## **Risks and Uncertainties**

The success of the Company is dependent, among other things, on obtaining sufficient funding to enable the Company to develop its business including the remaining obligations related to the acquisitions of Gamelancer and JoyBox as previously described herein. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay in executing the Company's business plan. The Company will require new capital to continue to operate its business, and there is no assurance that capital will be available when needed, if at all. It is likely such additional capital will be raised through the issuance of additional equity, which will result in dilution to the Company's shareholders.

The operations of the Company may require licenses and permits from various local, provincial and federal governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out development of its business or operations.

Certain directors or proposed directors of the Company are also directors, officers or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest, which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

The Company does not have a historical track record of operating upon which investors may rely. Consequently, investors will have to rely on the expertise of the Company's management. The Company does not have a history of earnings or the provision of return on investment, and there is no assurance that it will produce revenue, operate profitably or provide a return on investment in the future.

## **Dependence on Key Employees**

The Company's business and operations are dependent on retaining the services of a small number of key employees. The success of the Company is, and will continue to be, to a significant extent, dependent on the expertise and experience of these employees. The loss of one or more of these employees could have a materially adverse effect on the Company. The Company does not maintain insurance on any of its key employees.

Accountability and oversight of the Company rests with the Board. The Company will continue to evaluate and potentially expanded its management team to oversee the business development activities of the Company and perform all core functions.

## **Competitive Conditions**

The markets for the Company's products are competitive and rapidly changing, and a number of companies offer products similar to the Company's products and target similar customers. The Company believes its ability to compete depends upon many factors within and outside its control, including the timely development and introduction of new products and product enhancements; product functionality, performance, price and reliability; customer service and support; sales and marketing efforts; and the introduction of new products and services by competitors.

## **Potential Dilution**

The issue of common shares of the Company upon the exercise of the options and warrants will dilute the ownership interest of the Company's current shareholders. The Company may also issue additional option and warrants or additional common shares from time to time in the future. If it does so, the ownership interest of the Company's then current shareholders could also be diluted.

## **Fraud**

The Company operates as a technology and services provider in a dynamic ecosystem where fraud exists. Typical forms of fraud include robotic traffic, where robots mimic the behaviour of users in order to inflate the number of impressions, clicks, post clicks actions or other metrics associated with the ad.

## **Current Global Financial Conditions and Trends**

Securities of technology companies in public markets have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in Canada and globally, and market perceptions of the attractiveness of particular industries. The price of the securities of Companies in the technology sector are also significantly affected by proposed and newly enacted laws and regulations, currency exchange fluctuation and the political environment in the local, provincial and federal jurisdictions in which the Company does business. The economy remains in a period of volatility, although there have been signs of positive economic growth in North American and European markets. Continued volatility is expected in the near term.

Additionally, the impact of COVID 19 has had adverse financial impacts on the global economy and financial markets. The conflict in the Ukraine as well as the transition to higher inflationary environments have contributed to increased global economic and financial volatility.

### **Share Data**

As at September 30, 2025 there were 955,689,025 common shares outstanding; 103,243,954 warrants convertible into 103,243,954 common shares; 61,973,100 options to purchase common shares outstanding.

### **Additional Information**

Additional information relating to the Company, including additional risk factors, are available in the listing statement of the Company filed on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com) under 'Vertiqal Studios Corp.'